

# OMNISCIENCE CAPITAL NEWSLETTER

April 2025

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In this podcast, Dr. Vikas Gupta shares his journey and insights into scientific investing. He emphasizes patience, discipline, and the right mindset for new investors. Key points include selecting stocks, balancing risk and returns, avoiding the safety trap, and managing emotions during market volatility. He also discusses the impact of AI and macroeconomic factors on investments. To learn more, watch the full podcast [here!](#)

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# APRIL MONTH OVERVIEW

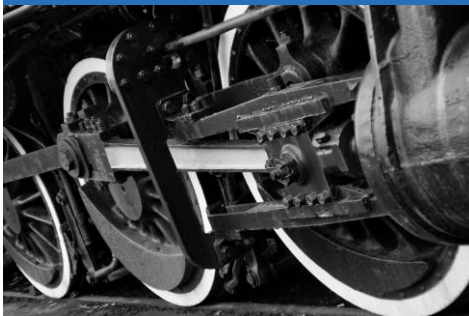
April 2025

## GROWTH VECTOR: RAILWAYS

We were the pioneers in identifying railways infra as a growth vector and since then the capex in this sector by the government has increased significantly.

With DFCs, electrification, and other major upcoming projects, this sector presents a promising opportunity.

Watch our take on this [here...](#)



## OMNIVIEW – APR 2025

### *Survive & Thrive* in Trump's Tariff Tantrum Times

Donald Trump has imposed tariffs on more than 50 countries across the world. He calls it reciprocal tariffs, suggesting that the tariff imposition is in response to tariffs already imposed by the countries on US goods. That is why he has also warned that countries should not retaliate by imposing additional “reciprocal-reciprocal” tariffs on US goods.



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Dr. Vikas V. Gupta

Canada has already been announcing counter-tariffs in response to the 25% “fentanyl tariffs” on Canada and Mexico that Trump had announced immediately after taking charge. EU has also announced that it will impose counter-tariffs. China has already announced 34% additional tariffs on US goods.

The details of the specific tariffs on specific products from specific countries are not fully clear since there are several items which are exempt, and this keeps changing daily. For example, initially the pharma and semiconductors were exempt, but Trump has announced that he will put tariffs on both soon.

The tariffs range from 10% on all imports, even from countries which have a trade deficit with the US, to more than 50% for China, which has a large trade surplus with the US. Goods from India will face 26% tariffs, except for the exempt categories, if any.

The US markets, both S&P 500 and Nasdaq-100 have tanked nearly 10% since the announcements. From the Feb peak the drop is more than 20%, indicating a bear market. The FAANGs have dropped even more, nearly 25%, from recent peaks. Nifty 50, in contrast, has fallen around 12% from its September peak.

With the tariffs in place, imports get more expensive. If these are finished goods being consumed by consumers, then costs for the normal US citizens go up. If the imports are inputs for US companies to produce a finished good, then the costs for these companies go up. They have a choice to either absorb the cost and have reduced margins or pass on the costs to consumers and potentially see reduced revenues.

Many US companies have nearly 50% or more in international sales. These companies could face tariffs in those countries. For example, there are tariffs on several countries, including China and India, from which Apple imports finished iPhones into the US. If Apple is targeted by the other non-producing countries facing tariffs, it would face challenges in terms of price increases in US and those countries. It might have difficulty in predicting both its top line and bottom line in the next few quarters.

The markets are down since it is difficult to predict the topline and bottom-line in the near term for a large number of US companies due to the difficulty in determining the precise impact of tariffs.

The imposition of tariffs could also lead to clogged US customs, since the US customs might not have the expertise and manpower to process such large volume of tariffed goods at the ports of entry. This would create supply chain disruptions and product unavailability on the shelves, spiking inflation. If the US chooses to implement it using technology and trust, things might be less disruptive in terms of inflation. But that remains to be seen.

US could provide tax relief to the US citizens to counter the impact of higher prices. It could also provide subsidies or rebates to the domestic manufacturers to make their products more competitive vis-à-vis imports. This could reduce the chances of inflation.

Also, the timeline for the tariff war resolution between US and the rest of the world, more than 50 countries—looks to be long-drawn. The reason is that it is unlikely that the US commerce department has the number of qualified and experienced members who could negotiate with the corresponding teams from different countries addressing 1000s of products under tariffs from each other. This would make the multiple rounds of negotiations and then interactions of each commerce department with their respective domestic industry lobbies for respective products to judge the impacts of high tariffs or their reduction or removal extremely complex and time consuming.

While the supply chain and inflation picture would become clear in the next several weeks to a quarter, the global negotiations and counter tariffs etc. would take several quarters. Even for India, which has already had multiple rounds of negotiations, the timeline for a deal is end of the year, which looks optimistic. For other countries, which are yet to even formulate whether they want to retaliate with counter-tariffs or proceed towards a negotiated deal, the timelines look multi-year.

Other second order and third order responses can be as follows. Companies with multi-national operations could diversify their productions to locations which have lower tariffs for their products being exported to US from those countries. However, how the US would respond to that is also unknown. Inflation, forex rates across currencies, and the interest rate responses of central banks are unknown. Potentially, the US could be in inflation and the rest of the world in deflation (due to the oversupply of goods which can find their way into US). However, in the longer run, the impact is likely to be deflationary since more capacity building could happen.

In short, we are in a situation of known unknowns, some which I have discussed above and there are always unknown unknowns which we don't even know that we don't know.

What can we conclude from this? What actionable conclusions can be drawn?

Most likely, large companies with competitive advantages and large resources on the balance sheet are likely to survive during this uncertain period. They might have a revenue shrinkage and lower or negative margins for the next few quarters to even a couple of years. However, they would survive given their strong balance sheets and management capabilities. The weak and marginal companies with already thin margins and balance sheets with large debt, are likely to disappear. Thus, weak global companies would be destroyed in the next 2-4 years. The large ones would actually gain market share post this period.

In contrast, weak domestic companies in the US could gain local market share. Similarly, if some other countries impose tariffs on US goods, some of their weak domestic companies might be able to gain market share for during the tariff period.

However, post the tariff era, it is likely that the strong global companies would dominate again with larger market shares across the globe. Strong domestic companies are also likely to dominate throughout this period and, again, possibly gain share.

While one might not be able to predict the near term earnings and revenues for even the strong global companies, one could assume a slight decrease in margins in the long run, for a conservative view, and value the companies on that basis. However, the revenues post-5 years would be slightly higher than estimated earlier in pre-tariff era. With these assumptions an estimate of value for "strong" or supernormal global companies can be made. If these are available at prices significantly below these values, one could consider investing in these.

Strong domestic companies across any country, including India and the US, can be considered if they are available at discounts to their conservatively estimated intrinsic values. These companies might maintain their revenues and margins, or even improve, in some cases. These are potentially the easiest buy decisions.

One has to be careful of companies with weak balance sheets, low margins and profitability, and negative cash flows. These are the ones likely to disappear during this period. Try to avoid most such companies, except for ones which are actually strong due to innovation or patents but are right now not at the stage where they have profits or positive cash flows. But one should have the ability to analyze these since they are very difficult to analyze. Otherwise, leave them for others, you should have enough supernormal domestic companies and a few supernormal global companies to make a portfolio of 20-50 companies.

**"Uncertainty actually is the friend of the buyer of long-term values."**

—Warren Buffett

**OMNIVIEW – DON'T BE TARIFF-IED, FOCUS ON PREDICTABLE, LONG-TERM GROWTH VECTORS**

The Great Indian Railway is a growth opportunity that is relatively much less exposed to Trump's tariff tantrums. While the US, Indian, and other global equities might look terrifying in this tariff-ridden period, this could be the defining time that will differentiate scientific investors from the herd.



Ashwini Kr. Shami

The reality is that Trump's tariffs have created significant uncertainties for global economies and equities. The basic loss-aversion bias will push investors to choose a seemingly safer option (redeem/hold further equity allocations) if they must decide. This is because, psychologically, monetary losses hurt more than monetary gains. Just like during earlier periods of crisis, this time as well, things look uncertain, and it is difficult to predict how long markets will take to recover or how much they will fall before recovery begins. As scientific investors, our motto in uncertain times has always been – Survive & Thrive. In a risky asset class such as equities, it is important to first ensure that your portfolio companies are able to survive through the uncertainties and then thrive by capitalizing on opportunities that these uncertainties have created.

Our analysis indicates that fundamentally strong domestic businesses are expected to be least impacted. Strong global businesses are expected to face some impact in the near term but will emerge stronger, while weak global businesses may be the most affected. Weak domestic businesses are the ones investors need to be cautious about, as they might appear attractive during these tariff-counter-tariff wars, but once things stabilize and they lose the temporary protective cover, their fundamentals may deteriorate back to normal.

Some of the fundamentally strong domestic businesses belong to the Railway Infrastructure growth vector. Let us understand why this is a strong growth vector with limited impact from global uncertainties. The key growth driver for rail infrastructure has been the budgetary allocations to railway capex. The railway budget has grown massively, from around ₹16,000 crores in FY11 to ₹2.5 lakh crores in FY25, with an annualized growth rate of 20% over this 15-year period. In the last 10 years, the government has allocated more than ₹10 lakh crores to railways, and we expect that an additional ₹15-20 lakh crores will be allocated to railway capex in the next 5 years. Since more than 70% of the railway budget is being allocated to construction and equipment, the total addressable market (TAM) for the companies operating in the EPC (Engineering, Procurement, and Construction) and machinery, equipment, and components space will continue to expand.

In the construction and engineering space, there are around 50 companies currently executing railway projects, and in the machinery, equipment & components space, there are nearly 30 companies with significant capabilities in the railway sector. Currently, the combined TTM (Trailing Twelve Months) revenue for these firms is around ₹2.7 lakh crores, which is a mix of railway and non-railway operations. Broadly, this implies that there is an order book potential that is 5 times the current combined turnover of these companies. This indicates a high double-digit revenue growth potential for this portfolio.

Valuations in the railway space were already favorable, and with the recent volatility, they have become even more attractive (portfolio P/E in the low 20s). Long-term investors who can weather the tariff storm should consider this strong domestic growth vector and allocate with a 3-to-5-year horizon.

We are hosting a **Webinar on "The Great Indian Railways"** where we intend to take a deep dive into one of the world's largest and most inspiring infrastructure stories. Stay tuned. Boarding begins on Saturday, 12th April @ 11 AM on our YouTube channel (<https://www.youtube.com/@OmniScienceCapital>).

Also watch out for a detailed **Report on the Railway Infra Growth Vector** that we will be releasing after the webinar.



## MACROECONOMIC INDICATORS

### ECONOMIC ACTIVITY:

Macro Trends	Current	Previous	Latest Reported Date
S&P Global Manufacturing PMI	58.1	56.3	Apr 02, 2025
India Nikkei Services PMI	57.7	59.0	Mar 24, 2025
Bank loan growth(%)	11.1%	11.0%	Mar 28, 2025
Deposit growth (%)	10.2%	10.3%	Mar 28, 2025
India Industrial Production YoY	5.0%	3.5%	Mar 12, 2025 (Nov)
Trade Balance (E-I) (Billion USD)	-14	-23	Mar 17, 2025 (Feb)
Railway Freight Activity Index (IRFA)	65.0	62.9	Sep 2024
<b>Monetary:</b>			
WPI (YoY)	2.38%	2.31%	Mar 17, 2025 (Feb)
CPI (YoY)	3.61%	4.26%	Mar 12, 2025 (Feb)
Repo Rate	6.00%	6.25%	Apr 09, 2025
Bank Rate	6.50%	6.75%	Feb 07, 2025

### GDP:

Particulars	Q2FY25	Q3FY25 (E)	FY25 (E)	FY26 (E)
Nominal GDP growth (%)	8.0%	9.9%	9.9%	10.1%
Real GDP growth (%)	5.6%	6.2%	6.5%	6.7%

### OTHER KEY INDICATORS:

Particulars	Feb 28, 2025	Jan 31, 2025	Change
India 10-yr Bond Yield	6.58%	6.72%	-14 bps
USD/INR	85.45	87.47	2.30%
FX Reserves (Billion USD)	659	640	2.86%
FII Net Buy/-Sell (Rs Cr)	2,014	-58,988	-3,99,940 (YTD)
DII Net Buy/-Sell (Rs Cr)	37,586	64,853	6,08,035 (YTD)
<b>Commodities:</b>			
10g Gold	93,700	87,250	7.4%
1 Kg Silver	1,04,000	97,000	7.2%
Crude Oil (USD/Bbl)	72	70	2.4%
Lithium (CNY/T)	74,273	75,314	-1.4%
Cobalt	34,016	23,038	47.7%

Particulars	Month	2025	2024	Δy-o-y (%)
GST Collection (Rs Cr)	Mar	1,96,141	1,78,484	9.9%
UPI Transactions Value (Rs trillion)	Mar	24.8	20.4	21.1%
No of UPI Transactions (Volume in Cr)	Mar	1,830	1,404	30.4%
Power Generation (BUs)	Feb	122	119	2.4%

Source: Omniscience Research, <https://in.investing.com/economic-calendar/>, <https://www.npci.org.in/what-we-do/upi/product-statistics>, <https://tradingeconomics.com>

## OmniScience smallcases: Valuation Metrics as of 1<sup>st</sup> Apr 2025

Name	P/E	P/BV	Div. Yield
Omni Bank on Bharat	8.9	1.0	1.70%
Omni Capital Enablers	9.4	1.2	1.80%
Omni Super Dividend	10.1	1.4	3.30%
Omni Supreme India	10.4	1.4	1.80%
Omni Royals - LargeCap	12.0	1.9	2.10%
Omni Fintech, Digital Bank & Payments	12.0	1.7	1.50%
Omni UP & Ayodhya	12.8	1.6	1.60%
Omni Knights - MidCap	13.2	1.6	1.60%
Omni Amrit Kaal	13.5	1.7	1.49%
Omni Power - Electrifying India	15.0	1.7	1.80%
Omni Supertrons - Smallcap	16.5	2.1	1.20%
Omni Future of Mobility	19.0	2.4	1.40%
Omni DX- Digital Transformation	22.6	4.1	1.80%
Omni Bullet Train	23.1	3.1	1.20%
Omni AI-Tech Global	23.1	4.1	1.80%
Omni Bharat Defence	30.9	3.7	1.00%
<b>Benchmarks</b>			
Equity Largecap	22.4	3.7	1.20%
Equity Midcap	28.4	4.1	1.00%
Equity Smallcap	30.0	3.8	0.60%
Equity Multicap	24.4	3.8	1.10%

Source: Omniscience Research, <https://omniscience.smallcase.com>

## Equities Market: Performance as of 28<sup>th</sup> Mar 2025

Total Returns (%)	1 Month	1 Yr	5 Yr
Nifty 50	6.3%	6.7%	23.7%
Nifty Midcap 150	7.7%	8.2%	34.6%
Nifty Smallcap 250	9.1%	6.0%	37.4%

## Equities Market: Valuation Metrics as of 28<sup>th</sup> Mar 2025

Sectoral Indices	P/E	P/B	Div. Yield
Nifty PSU Bank	6.62	1.22	2.36%
Nifty Oil & Gas	12.68	1.58	2.92%
Nifty Bank	13.18	2.20	1.01%
Nifty Private Bank	15.41	2.24	0.58%
Nifty Financial Services	16.80	2.90	0.86%
Nifty Auto	20.82	4.51	1.03%
Nifty Metal	21.16	2.64	2.28%
Nifty 50	21.37	3.48	1.32%
Nifty 500	23.54	3.73	1.21%
Nifty IT	27.87	7.64	2.81%
Nifty Smallcap 100	28.92	3.93	1.08%
Nifty Pharma	32.02	5.18	0.66%
Nifty Midcap 100	32.49	4.55	0.91%
Nifty Healthcare Index	37.62	5.87	0.54%
Nifty Realty	41.08	4.92	0.42%
Nifty FMCG	42.81	10.26	2.04%
Nifty Consumer Durables	71.88	14.47	0.40%



## Podcast: I Invested in APPLE Before BUFFETT Made it Big

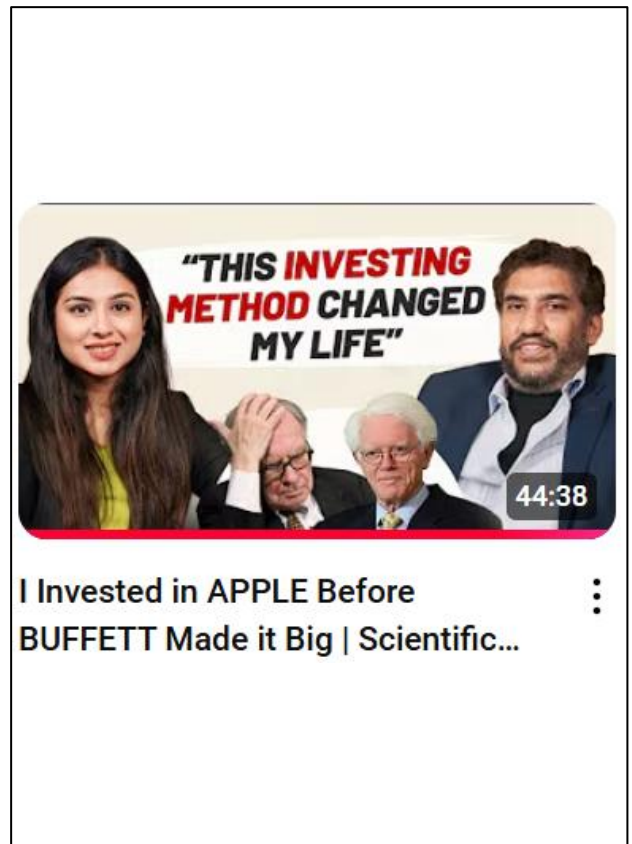
### Scientific Investing Podcast With Dr Vikas Gupta

In this insightful podcast, we have Dr Vikas Gupta, CEO & Chief Investment Strategist, sharing his journey and deep insights into scientific investing. Vikas begins by sharing his personal journey and explaining the fundamentals of scientific investing, followed by a discussion on the mindset required for successful investing. He emphasizes the importance of developing the right mindset, especially for new investors, and how patience and discipline play a huge role in investing.

He dives into the essential parameters for selecting stocks, breaking down how to identify fair value when evaluating companies. Vikas also talks about the significance of choosing the right number of stocks for a portfolio to ensure a balance between risk and returns. One key piece of advice he shares is the common mistake investors make by chasing safety at the cost of missing out on higher returns (alpha). In a real-world example from his own investing journey, Vikas illustrates how his strategies have evolved over time, shedding light on practical steps he's taken.

For new investors, he offers key messages to help them build a strong foundation in the market, including managing emotions during periods of market volatility. The podcast also touches on the growing influence of AI on businesses, how macroeconomic factors weigh into investment decisions, and the importance of having clear exit parameters for each investment.

Throughout, Vikas encourages listeners to stay focused, control their emotions, and use scientific methods to make smarter investment choices. If you're looking to develop a more systematic and thoughtful approach to investing, this podcast is packed with valuable advice from one of the industry's leading experts.



[Watch Here...](#)

## OmniScience in the NEWS

1 **[Trump Reciprocal Tariffs Highlights: US President will buckle under pressure from Europe, says German economy minister](#)**

Vikas Gupta, CEO and Chief Investment Strategist at OmniScience Capital, said, "What is already known is already incorporated. Most of the precise impact on specific company cannot be exactly determined, since companies can choose to shift their manufacturing bases to other countries from which the tariff impact could be lesser.

Read more [here...](#)



2 **[Daily Voice: Likely double-digit earnings growth in FY26 to be driven by these 6 sectors, says this investment strategist](#)**

Vikas Gupta of OmniScience Capital believes the tariffs could potentially result in inflation in the US due to cost increases and supply chain issues or bottlenecks at customs or ports.

Read more [here...](#)



3 **[FIIs don't care whether it's capex or consumption stocks. Selling spree hits most sectors](#)**

Foreign institutional investors (FIIs) offloaded Indian equities at an alarming pace in February, dumping over Rs 34,500 crore across multiple sectors. Financials, FMCG, and capital goods saw heavy outflows, raising concerns about valuation pressures and global capital reallocation.

Read more [here...](#)



4 **[Why are experts bullish on power stocks despite stock market crash?](#)**

Amid high volatility in the Indian stock market, experts are betting high on power sector stocks. They believe India's power demand is expected to increase from March to May 2025 from 220 GW to 270 GW.

Read more [here...](#)



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